

## Message Text

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ORIGIN EB-07

INFO OCT-01 EUR-12 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00

ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

FEAE-00 FPC-01 H-02 INR-07 INT-05 L-02 NSAE-00 NSC-05

OMB-01 PM-03 SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00

FRB-03 PA-01 PRS-01 /088 R

DRAFTED BY EB/ORF/FSE:LRRAICHT/EUR/CAN:DCHOLTO

APPROVED BY EUR/CAN:DAKRUSE

EUR/P:FSEIDNER

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FM SECSTATE WASHDC

TO AMEMBASSY OTTAWA IMMEDIATE

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E.O. 11652: N/A

TAGS: ENRG, CA, US

SUBJECT: NATURAL GAS EXPORT PRICE INCREASE

REF: OTTAWA 1483

DEPARTMENT RELEASING FOLLOWING STATEMENT AT NOON PRESS  
BRIEFING TODAY MAY 6:

BEGIN QUOTE WE ARE DISAPPOINTED AT THE DECISION ANNOUNCED  
YESTERDAY BY THE CANADIAN GOVERNMENT TO INCREASE THE EX-  
PORT PRICE OF NATURAL GAS FROM THE PRESENT \$1.00 TO \$1.40  
PER MCF ON AUGUST 1 AND TO \$1.60 PER MCF ON NOVEMBER 1,  
1975.

THIS PRICE INCREASE WILL COST U.S. CONSUMERS OF CANADIAN  
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NATURAL GAS AN ADDITIONAL \$583 MILLION A YEAR.

THESE LATEST INCREASES FOLLOW SUBSTANTIAL EXPORT PRICE RISES IMPOSED BY THE CANADIAN GOVERNMENT ON JANUARY 1ST OF THIS YEAR, AND EARLIER INCREASES WHICH HAVE RAISED THE PRICES PAID BY AMERICAN CONSUMERS FOR CANADIAN NATURAL GAS UNDER LONG TERM, FIRM CONTRACTS MORE THAN 500 PERCENT SINCE 1973.

US OFFICIALS MET WITH CANADIAN OFFICIALS IN OTTAWA ON

APRIL 22 TO EXPLAIN OUR CONCERN OVER THE SERIOUS IMPACT ANOTHER LARGE PRICE INCREASE WOULD HAVE ON REGIONS IN THE U.S. WHICH ARE SUBSTANTIALLY DEPENDENT ON CANADIAN GAS IMPORTS.

AT THAT MEETING, WE EMPHASIZED OUR VIEW THAT SUCH AN INCREASE CONSTITUTES A FURTHER BREACH OF THE LONG TERM CONTRACTS COVERING THESE EXPORTS.

WE EXPRESSED OUR UNDERSTANDING OF THE NEED TO INCREASE NATURAL GAS PRICES OVER A REASONABLE PERIOD OF TIME TO COMMODITY VALUE, WHICH IS ALSO A U.S. POLICY OBJECTIVE.

IT WAS NOTED, HOWEVER, THAT THE INCREASE PROPOSED BY CANADA, AS IN JANUARY, WILL BE APPLIED ONLY TO U.S. CONSUMERS -- CANADA'S SOLE EXPORT CUSTOMERS -- NOT TO CANADIAN USERS.

THIS PRICE INCREASE WILL FURTHER WIDEN THE GAP BETWEEN THE EXPORT PRICE AND THE PRICE TO CANADIAN CONSUMERS, THUS INCREASING THE DISCRIMINATION AGAINST THE U.S.

AT THE APRIL 22 MEETING, AS IN PREVIOUS DISCUSSIONS WITH CANADIAN OFFICIALS, WE DWELT ON THE IMPORTANCE WE ATTACH TO A CONTINUING SUPPLY OF GAS UNDER THESE LONG TERM CONTRACTS. THE QUESTION OF SUPPLY CONTINUES TO BE OF GREAT CONCERN TO US, AND WE EXPECT TO HAVE FURTHER CONSULTATIONS WITH CANADA TO DISCUSS THIS ISSUE.

THIS DECISION BY THE CANADIAN GOVERNMENT AND CANADA'S LIMITED OFFICIAL USE

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STATED INTENTION TO IMPOSE FURTHER INCREASES IN THE EXPORT PRICE FOR NATURAL GAS, DEMONSTRATES THE URGENCY FOR A CLEAR U.S. ENERGY POLICY TO STIMULATE RAPID DEVELOPMENT OF OUR OWN RESOURCES AND PERMIT US TO REDUCE DEPENDENCE ON FOREIGN ENERGY SUPPLIERS. END QUOTE. KISSINGER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** NATURAL GAS, GOVERNMENT REACTIONS, EXPORT PRICES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 06 MAY 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** MorefiRH  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975STATE105084  
**Document Source:** CORE  
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**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Line Count:** 112  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ORIGIN EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
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**Previous Handling Restrictions:** n/a  
**Reference:** 75 OTTAWA 1483  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** MorefiRH  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 05 MAY 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <05 MAY 2003 by BoyleJA>; APPROVED <21 MAY 2003 by MorefiRH>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** NATURAL GAS EXPORT PRICE INCREASE  
**TAGS:** ENRG, CA, US  
**To:** OTTAWA  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006